Question put and agreed to and resolution withdrawn with leave.

19. Economic Development Committee.

Mr. K. T. Mathew being absent, the following resolutions and amendment to the second of them were considered withdrawn:—

Mr. K.T. Mathew.—"*This Council recommends that the Economic Development Committee shall be so constituted as to have at least two-thirds of its members elected by the non-offcial Members of the Legislative Council*".

20. Nominated seats in Village Panchayats.

Mr. K. T. Mathew.—"*This Council recommends that in all Village Panchayats one-third of the nominated seats be reserved to the so-called depressed classes and another one-third to the so called untouchable classes.*"

Mr. C. A. Kunjunni Raja.—*Omit 'one-third of the'. Omit all the words beginning with 'to the so-called.....'and substitute 'to all unrepresented classes'.*

21. Use of Khadaar.

As Mr. A. Eachara Menon was absent, the following resolution was considered withdrawn:—

Mr. A. Eachara Menon. —"*This Council recommends to the Government that Khaddar may be used in the supply of uniforms and linen to the Hospitals.*"

22. Loans to the Sitaram Mills.

Mr. C. Barton Wright.—I beg to move that"*in view of the fact that the repayment of the loan of Rs. 3½ lakhs granted to the sitaram Spinning and Weaving Mills has been overdue, and that large sums of money will be required in the immediate future for important irrigation projects and Railway and industrial development, this Council recommends to the Government that immediate steps be taken to recover the full amount including interest or to take over the control of the Mills by Government.*"

Mr. President, Sir, my object in moving this resolution is firstly to try and safeguard the money advanced out of public funds and also at the same time, if possible, to protect the interest of the share-holders and to try and prevent the possibility of a large number of Mill hands being thrown out of employment.

From the series of interpellations on the subject I have tabled, as well as the Hypothetical Balance Sheet I put in this House at the last Budget meeting, it must be more than evident that this institution is labouring under serious financial difficulties. I regret that this Hypothetical Balance Sheet was omitted in the publication of the last Proceedings, and I shall feel much obliged if it could be included in this Session's Proceedings.

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The deferred payment of dividends during the past few years coupled with the belated payment of interest on the secured loan to the Government and so far no reduction of the principal, and added to it the significant fact that the Imperial Bank of India have recently thought it necessary to announce the indebtedness of the concern to the Bank by placarding the place with boards and putting a custodian in charge of all material on which they have a lien, all this does not tend to instil a feeling of confidence in the public. If one looks into the details of the members of the staff and management, a list of which I have given under the heading of the "Textile and Commercial Branch of Messrs. T. R. Anantharama Ayyar Bros.' Genelaogical Tree," it is quite evident that the overhead charges to start with are far too high, and besides it is worked too much on the lines of a "family" instead of a "business" concern.

I must also point out that this concern is only insured for Rs. 7,66,500 up to 15th August 1928. I would ask the Hon'ble Member for Finance to be good enough to let this House know if he has ascertained what these policies cover, and is it a fact that some of these policies have been drawn in favour of certain creditors who actually hold these policies ? If this be true, up to what amount are these policies held by them and has this privilege been extended to the Government ; and if so, do the policies that Government hold cover the loan ? I ask these questions, Sir, for the following reasons:—

If one refers to the Balance Sheet, the alleged value of the Mill property is put down at Rs. 23,10,034 and loans including that to the Government at Rs. 7,02,013. That was at the end of 1103.

If the figures, quoted in *the Daily Express* of 18th October 1928, are reliable, the book debt at the end of 30th August 1928 were 10½ lakhs.

Accepting the Firm's figures at Rs. 23,10,034 for the whole concern, which includes their book debts, according to the statement of *the Daily Express*, the figures are swelled by another three lakhs, which brings the amount to be insured to the alarming sum of Rs. 26 lakhs and odd.

In the face of these figures, is it fair to insure property which they value so highly as Rs. 26,10,034 for such a small amount as Rs. 7,66,500 ?

From these accounts it would appear that the Rs. 7 lakhs and odd could only really have been intended to cover the loans

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received by this concern although they allege in the Balance Sheet the insurance covers Buildings, Machinery, &c. Therefore, the inference is they wish to protect only those from whom they hope to get the sinews of war to carry on this hand-to-mouth existence, but what about the poor, unfortunate share-holders who, I understand, number not in hundreds like the Mill hands but in thousands, whose interests are apparently absolutely ignored and left unprotected in the event of a fire.

I ask you, Sir, is this what you consider fair treatment to meet out to a body of unfortunate investors some of whom, I know, are widows and orphans and have probably invested their last penny in this concern ? Are they to have no protection from the State when the State actually gives them encouragement and hopes by risking public money in the concern ? From the mere fact of Government giving any firm large loans, the public would naturally be led to believe that they would do so only after making careful investigation and on sound business lines and that they also held full and tangible security for the money.

Deputy President.—The loan was subsequent to the taking of shares. The loan did not induce share-holders to take shares.

Mr. C. Barton Wright.—In these circumstances, the unfortunate investor is naturally lulled into a feeling of false security with dreams of fat dividends only to awake to the fact, when it is too late, that he has been living in a fool's paradise. Is it fair, I say, to lead them on like this with false hopes at the same time ensuring the safety of others and leaving the share-holders entirely in the lurch?

Of course, there are always two sides to every question and it occurs to me there may be another aspect to this at present inexplicable situation. Is it possible that the Insurance Company have looked into things and arrived at the conclusion that the concern was not worth more than from 7 to 8 lakhs? For it is difficult to believe that Managing Agents and Directors would have such little sense of duty as to treat their responsibilities with what one might call cynical indifference in not insuring a Cotton Mill which is a most inflammable concern at its full value. In fact, properly speaking, the insurance should also cover consequential loss.

I see no reason why a concern like this might not come to grief at any moment either from want of finance, a fire, or some unforeseen reason. There are always certain risks in a commercial undertaking, but in this case there should be no risks

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where fires are concerned with Insurance Companies ready to cover all losses. If the place were burnt down under the present conditions, it would mean that investors would lose every pie of their money and hundreds of work-people would be thrown out of employment.

The Government with these facts before them would, I consider, be failing in their duty if they did not make a searching investigation into all these matters and take the necessary steps as early as possible to protect both share-holders and employees who are more or less at the mercy of the vagaries of the present management.

In conclusion, I do not wish to be misunderstood in this connection. It is only to bring home to this Council and, through it, to the Government their responsibilities in matters of this kind. I do not consider it is sufficient for the Government to merely satisfy themselves as to the actual "brick and mortar" value of their security. This Council and Government should be actuated by higher motives than those of the common usurer whose sole object is to collect interest and see that his advances are secure. Government have a moral obligation towards the public when they invest public funds for a specific purpose as for instance in this case.

There is no denying the fact that the real object of the assistance given to this concern was with a view to try, if possible, to encourage enterprise and to foster industries. Now, I ask you, gentlemen: "are our Government acting up to the spirit of their professions? Have they followed the career of this concern? Have they taken the slightest interest to see if their hopes and anticipations have materialised?" No, they have simply gone on a policy of drift. They did not even take the trouble to insist on the payment of interest until it was brought to their notice through this House. Have they looked into the Balance Sheets of this concern or have they looked into the share lists to compare its market value in comparison with other Mills in this Presidency? As far as I know, none of these things have been done, but now that there are rumours afloat questioning the stability of this concern, they are beginning to take interest, not in the concern itself, but to ascertain how far they are secured. Is this the proper attitude for Government to take up? They don't appear to mind what happens to the concern itself as long as they can show that they have their value in "brick and mortar."

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With all due deference to our Diwan Peishkar and our Chief Engineer, I don't think either of these gentlemen who have been deputed to make a valuation wish to pose as Accountants and Textile experts, and, therefore, the whole thing boils down to what I have already said. Government's one idea is "have we our money's worth, if so, why worry". I do not ask Government to unreasonably press for the money, but what I do say is that Government should ask those who are responsible for the security of the loan that they should show, by submitting a statement with facts and figures, the solvency of the concern, arrived at by a recognised Firm of Accountants and Auditors. If these accounts prove that they are in a flourishing condition as the Hon'ble Member for Jews represented to us the other day, and it is shown that there is a reasonable hope of the interest and capital being paid periodically out of the profits, I say by all means leave your money with them to carry on the good work, and help the concern to prosper, but, if, on the other hand, this official statement is not forthcoming or if it is forthcoming and it does not reveal the rosy view that has been represented by certain Members of the House, I certainly think it is high time the Government look to getting their money back at the earliest opportunity, and not wait to secure themselves with 'bricks and mortar'.

I will not take up the time of the House by substantiating my statements with figures. I leave that to the experts. I am not here to put this matter to the vote or press for a division. All I ask is that both this House and the Government will take me seriously and view the question from my standpoint.

I now leave the matter in their hands having every confidence in their sense of duty to see that the matter is dealt with in the best interest of all concerned.

Deputy President.—What is the result?

Mr. C. Barton Wright.—All I have got to say I have said. It is left to the Government and to the House to see what ought to be done in this matter. I have nothing more to say.

Deputy President.—Anybody to second the resolution? No seconder.

The resolution was lost for want of a seconder and hence the following amendment also was lost:—

Mr. C. A. Kunjunni Raja.—*Omit all the words beginning with 'that the repayment .....' and ending with 'overdue, and'. Omit all the words beginning with 'the full amount.....' and substitute 'all loans'.*

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